

IOWA CENTRAL COMMUNITY COLLEGE

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

JUNE 30, 2006

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OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Directors *(Before September 2005 Election)*

Mark Crimmins	President	2006
Dr. John Hodges	Vice President	2005
Thomas Chelesvig	Member	2005
Garland Hanson	Member	2006
Dr. Deborah Plahn	Member	2007
H. Jean Lehman	Member	2007
Connie Smith	Member	2005
Douglas McDermott	Member	2007
Larry Hecht	Member	2006

Board of Directors *(After September 2005 Election)*

Mark Crimmins	President	2006
Dr. John Hodges	Vice President	2008
Thomas Chelesvig	Member	2008
Garland Hanson	Member	2006
Dr. Deborah Plahn	Member	2007
Darrell Determann	Member	2007
Connie Smith	Member	2008
Douglas McDermott	Member	2007
Larry Hecht	Member	2006

Community College

Dr. Robert Paxton	President
Thomas Beneke	Vice President
David Grosland	Associate Vice President
James Kersten	Associate Vice President
Marlene McComas	Vice President
Karen Lombard	Board Secretary/Treasurer

IOWA CENTRAL COMMUNITY COLLEGE



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Iowa Central Community College
Fort Dodge, Iowa 50501

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2006, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Central Community College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Central Community College and its discretely presented component unit at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2006 on our consideration of Iowa Central Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 31 through 32, respectively, are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Central Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 27, 2006

IOWA CENTRAL COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa Central Community College provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- College operating revenues increased in FY06. Tuition revenue increased due to the increase in the tuition rate per credit hour and due to the increase in enrolled credit hours. Auxiliary enterprises revenues increased due to the increase in bookstore sales, the increase in the number of students in College housing and the increase in the College self-funded employee health plan reserve. Plant fund revenue increased due to the receipt of federal funds for the completion of construction of a parking ramp and the receipt of state funds for remodeling for the new Dental Hygiene Program and for the purchase of land and building for the Transportation Technology Center.
- College operating expenses increased in FY06 due to salary and benefit increases and the increase in part-time salaries because of the increase in student enrollment, the increase in materials and supplies and travel, and the increase in transfer expenses. Older buildings and the deferral of maintenance and repair of buildings over the years continue to cause higher physical facility expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year, and Supplementary Information provides detailed information about the individual funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	Net Assets	
	June 30,	
	2006	2005
Current and other assets	\$ 25,884,711	\$ 23,110,943
Capital assets, net of accumulated depreciation	30,476,058	28,126,390
Total assets	56,360,769	51,237,333
Current liabilities	13,782,639	13,056,230
Noncurrent liabilities	21,355,000	20,555,608
Total liabilities	35,137,639	33,611,838
Net assets:		
Invested in capital assets, net of related debt	15,216,058	13,490,782
Restricted	1,264,822	398,490
Unrestricted	4,742,250	3,736,223
Total net assets	\$ 21,223,130	\$ 17,625,495

The largest portion of the College's net assets (72%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (6%) includes resources that are subject to external restrictions. The remaining net assets (22%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE (Continued)

Statement of Revenues, Expenses and Changes in Net Assets (Continued)

In general, a public college such as Iowa Central Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

	Changes in Net Assets	
	Year ended June 30	
	2006	2005
Operating revenue:		
Tuition and fees	\$ 10,186,465	\$ 9,328,856
Federal appropriations	6,545,688	6,420,694
Iowa Industrial New Jobs Training Program	2,125,884	2,446,804
Auxiliary	7,031,095	6,409,864
Sales and services	1,336,568	988,594
Miscellaneous	342,915	208,799
Total operating revenue	<u>27,568,615</u>	<u>25,803,611</u>
Total operating expenses	<u>38,189,861</u>	<u>35,313,527</u>
Operating loss	<u>(10,621,246)</u>	<u>(9,509,916)</u>
Nonoperating revenues (expenses):		
State appropriations	10,232,644	8,436,420
Property tax	4,326,970	3,716,759
Interest income on investments	806,423	433,596
Loss on sale of capital assets	-	(92,913)
Interest on indebtedness	(1,147,156)	(1,231,553)
Net nonoperating revenues (expenses)	<u>14,218,881</u>	<u>11,262,309</u>
Increase (decrease) in net assets	3,597,635	1,752,393
Net assets beginning of year	<u>17,625,495</u>	<u>15,873,102</u>
Net assets end of year	<u>\$ 21,223,130</u>	<u>\$ 17,625,495</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects an increase in the net assets at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE (Continued)

Total Revenue by Source

In fiscal year 2006, operating revenues increased as a result of the following:

- Tuition and fees increased due to the increase in enrollment and the tuition rate increased from \$87 per credit hour in FY05 to \$93 per credit hour in FY06.
- Auxiliary enterprises revenue increased due to the enrollment increase and the resulting increase in bookstore sales, the increase in students in College housing, and the increase in premium dollars in the College self-funded employee health plan.
- Plant fund revenue increased due to the receipt of federal funds for the completion of construction of a parking ramp and the receipt of state funds for remodeling for the new Dental Hygiene Program and for the purchase of land and building for the Transportation Technology Center.

Operating Expenses

	Year ended June 30	
	2006	2005
Education and support:		
Liberal arts and sciences	\$ 4,633,485	\$ 4,301,162
Vocational technical	3,357,993	3,027,694
Adult education	2,425,563	2,289,677
Cooperative services	2,707,785	2,805,346
Administration	1,076,106	1,268,837
Student services	3,583,330	3,107,319
Learning resources	332,257	327,582
Physical plant	3,127,923	2,744,211
General institution	5,827,134	5,246,447
Auxiliary enterprises	5,482,079	4,879,775
Scholarships and grants	1,400,705	1,765,620
Workforce Investment Act	267,185	420,187
Administrative and collection costs	2,766,122	2,041,631
Depreciation	1,202,194	1,088,039
Total	\$ 38,189,861	\$ 35,313,527

Total Expenses

In fiscal year 2006, operating expenses increased as a result of the following:

- Moderate salary and benefit increases.
- Additional part-time salaries due to increased student enrollment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE COLLEGE AS A WHOLE (Continued)

Total Expenses (continued)

- Additional maintenance and increased utility costs due to expansion of facilities and continued costly maintenance and repair of aging facilities.
- Increase in transfer expenses.
- Increase in medical and dental payments in the College self-funded employee health plan.

Statement of Cash Flows

A statement included in Iowa Central Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows

	Year ended June 30	
	2006	2005
Cash provided (used) by:		
Operating activities	\$ (7,356,282)	\$ (8,807,406)
Non-capital financing activities	14,577,053	12,044,890
Capital and related financing activities	(3,479,110)	(4,318,377)
Investing activities	806,423	433,596
Net increase (decrease) in cash	4,548,084	(647,297)
Cash beginning of year	11,703,392	12,350,689
Cash end of year	\$ 16,251,476	\$ 11,703,392

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property tax received by the College. Cash used by capital and related financing activities represents the principal payments of debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

At June 30, 2006, the College had approximately \$30.5 million invested in capital assets, net of accumulated depreciation of \$13.7 million. Depreciation charges totaled \$1,202,194 for FY06. Details of the capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30,	
	2006	2005
Land	\$ 1,082,616	\$ 1,082,616
Buildings	23,099,090	21,757,674
Construction in progress	1,110,700	2,120,692
Improvements other than buildings	3,587,317	1,869,100
Equipment and vehicles	1,596,335	1,296,308
	<u>\$ 30,476,058</u>	<u>\$ 28,126,390</u>

Major capital expenditures for fiscal year ending June 30, 2006, included completion of Student Residence Apartment Building #11, remodeling for the new Dental Hygiene Program, and the acquisition of off-campus land and building for the Transportation Technology Center.

Planned capital expenditures for the fiscal year ending June 30, 2007, and beyond include completion of construction of Student Residence Apartment Building #12, completion of remodeling of the building for the Transportation Training Center and the construction of a Biotechnology and Health Sciences Center.

More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2006, the College had approximately \$24 million in debt outstanding, an increase of \$1,014,392 from fiscal year 2005. The table below summarizes these amounts by type.

Outstanding Debt

	June 30,	
	2006	2005
Certificates payable	\$ 9,215,000	\$ 8,825,000
Capital loan notes payable	5,030,000	5,560,000
Bonds payable	10,230,000	9,075,608
	<u>\$ 24,475,000</u>	<u>\$ 23,460,608</u>

More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS

Iowa Central Community College continued to improve its financial position during the current fiscal year. Maintaining the current good condition of the economy in the state is a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- State aid for the FY07 was increased 7 percent above the amount received in FY06. Inequitable distribution of state general aid among the community colleges is a major concern.
- Expenses will continue to increase. As the number of students increases, the costs associated with serving them continue to increase.
- The College will continue to expand distance learning opportunities in FY07 and beyond by continuing to offer online the Computer Networking Technology Program and offering online in FY07 the Criminal Justice Program and the Business degree.
- The start-up of new programs is expensive. New programs to be started in FY07 are Dental Hygiene, Auto Body Collision, Diesel Technology, Sustainable Energy Technician, Logistics, Athletic Training, Fitness Management, Fire Science, Biofuels Technology, and Biotechnology.
- Aging facilities at the College require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.
- General fund property tax revenue had decreased in 2004-2005 due to a 15 percent reduction in farmland valuation. General fund property tax revenue for 2005-2006 will increase less than 1/10th of a percent. General fund property tax revenue for 2006-2007 will increase 3.5 percent but will still be slightly less than the actual property taxes received in FY00.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Central Community College, 330 Avenue M, Fort Dodge, IA 50501.

IOWA CENTRAL COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS

IOWA CENTRAL COMMUNITY COLLEGE

Exhibit A

STATEMENT OF NET ASSETS

June 30, 2006

ASSETS	Primary Government	Component Unit
Current assets:		
Cash and pooled investments	\$ 16,251,476	\$ 1,584,329
Receivables:		
Accounts	1,178,970	-
Capital Campaign	-	568,965
Property tax:		
Succeeding year	3,540,147	-
Iowa Industrial New Jobs Training Program	1,303,935	-
Due from Iowa Central Community College	-	230,531
Due from other governments	501,618	2,089
Inventories	532,896	-
Prepaid expenses	127,807	-
Total current assets	23,436,849	2,385,914
Noncurrent assets:		
Receivables:		
Iowa Industrial New Jobs Training Program	2,447,862	-
Capital assets, net of accumulated depreciation	30,476,058	-
Total noncurrent assets	32,923,920	-
Total assets	56,360,769	2,385,914

IOWA CENTRAL COMMUNITY COLLEGE

Exhibit A
(Continued)

STATEMENT OF NET ASSETS

June 30, 2006

LIABILITIES	Primary Government	Component Unit
Current liabilities		
Accounts payable	\$ 402,226	\$ -
Salaries and benefits payable	718,133	-
Due to Iowa Central Community College Foundation	230,531	-
Interest payable	92,711	-
Deferred revenue:		
Succeeding year property tax	3,540,147	-
Other	4,282,159	-
Compensated absences	289,507	-
Deposits held in custody for others	1,107,225	-
Certificates payable	1,995,000	-
Capital loan notes payable	540,000	-
Bonds payable	585,000	-
Total current liabilities	13,782,639	-
Noncurrent liabilities:		
Certificates payable	7,220,000	-
Capital loan notes payable	4,490,000	-
Bonds payable	9,645,000	-
Total noncurrent liabilities	21,355,000	-
Total liabilities	35,137,639	-
Net assets		
Invested in capital assets, net of related debt	15,216,058	-
Restricted:		
Nonexpendable:		
Scholarships and fellowships	-	1,816,949
Expendable:		
Capital campaign	-	568,965
Scholarships and fellowships	1,706	-
Loans	3,944	-
Cash reserve	319,603	-
Other	939,569	-
Unrestricted	4,742,250	-
Total net assets	\$ 21,223,130	\$ 2,385,914

See notes to financial statements.

IOWA CENTRAL COMMUNITY COLLEGE

Exhibit B

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2006

	Primary Government	Component Unit
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$1,822,267	\$ 10,186,465	\$ -
Federal appropriations	6,545,688	-
Iowa Industrial New Jobs Training Program	2,125,884	-
Auxiliary enterprises revenue, net of scholarship allowances of \$627,861	7,031,095	-
Sales and services	1,336,568	694
Farm income	-	121,983
Miscellaneous	342,915	4,522
Reimbursement from Iowa Central Community College	-	175,000
Contributions and pledges	-	1,136,532
Total operating revenues	27,568,615	1,438,731
Operating expenses:		
Education and support:		
Liberal arts and science	4,633,485	-
Vocational technical	3,357,993	-
Adult education	2,425,563	-
Cooperative services	2,707,785	-
Administration	1,076,106	-
Student services	3,583,330	-
Learning resources	332,257	-
Physical plant	3,127,923	-
General institution	5,827,134	-
Auxiliary enterprises	5,482,079	-
Scholarships and grants	1,400,705	159,654
Workforce Investment Act	267,185	-
Administrative and collection costs	2,766,122	-
Depreciation	1,202,194	-
Farm expenses	-	123,678
Management and general expenses	-	81,261
Total operating expenses	38,189,861	364,593
Operating income (loss)	(10,621,246)	1,074,138

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

**Exhibit B
(Continued)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2006**

	Primary Government	Component Unit
Nonoperating revenues (expenses):		
State appropriations	\$ 10,232,644	\$ -
Property tax	4,326,970	-
Interest income from investments	806,423	65,426
Interest on indebtedness	(1,147,156)	-
Realized and unrealized gain on investments	-	36,166
	<hr/>	<hr/>
Net nonoperating revenues	14,218,881	101,592
	<hr/>	<hr/>
Change in net assets	3,597,635	1,175,730
	<hr/>	<hr/>
Net assets beginning of year	17,625,495	1,210,184
	<hr/>	<hr/>
Net assets end of year	<u><u>\$ 21,223,130</u></u>	<u><u>\$ 2,385,914</u></u>

See notes to financial statements.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Tuition and fees	\$ 10,186,465
Federal appropriations	7,575,340
Iowa Industrial New Jobs Training Program	2,748,804
Payments to employees for salaries and benefits	(19,056,025)
Payments to suppliers for goods and services	(13,711,141)
Payments to NJTP recipients	(2,160,489)
Scholarships	(1,400,705)
Auxiliary enterprise receipts	7,031,095
Other receipts	1,430,374
Net cash used by operating activities	(7,356,282)
Cash Flows from Non-Capital Financing Activities:	
State appropriations	10,232,644
Property tax	4,326,970
Agency Fund receipts	1,861,693
Agency Fund disbursements	(1,638,738)
Interest paid on debt	(595,516)
Proceeds from issuance of debt	2,815,000
Principal paid on debt	(2,425,000)
Net cash provided by non-capital financing activities	14,577,053
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(3,551,862)
Interest paid on debt	(551,640)
Proceeds from issuance of debt	1,610,000
Principal paid on debt	(985,608)
Net cash used by capital and related financing activities	(3,479,110)
Cash Flows from Investing Activities:	
Interest on investments	806,423
Net cash provided by investing activities	806,423
Net increase in cash	4,548,084

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE**Exhibit C
(Continued)****STATEMENT OF CASH FLOWS****Year Ended June 30, 2006**

Net increase in cash	\$ 4,548,084
Cash beginning of year	<u>11,703,392</u>
Cash end of year	<u>\$ 16,251,476</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (10,621,246)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,202,194
Changes in assets and liabilities:	
Increase in accounts receivable	(404,418)
Decrease in NJTP receivable	622,920
Decrease in due from other governments	1,029,652
Increase in inventories	(35,645)
Increase in prepaid expenses	(1,454)
Decrease in accounts payable	(34,605)
Decrease in salaries payable	(501,174)
Increase in interest payable	1,450
Increase in deferred revenue	1,352,702
Increase in compensated absences	<u>33,342</u>
Total adjustments	<u>3,264,964</u>
Net cash used by operating activities	<u>\$ (7,356,282)</u>

See Notes to Financial Statements.

IOWA CENTRAL COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Iowa Central Community College is a publicly supported school established and operated by Merged Area V under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Central Community College maintains campuses in Fort Dodge, Webster City, and Storm Lake, Iowa, and has its administrative offices in Fort Dodge. Iowa Central Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area V.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa Central Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Community College.

These financial statements present Iowa Central Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Iowa Central Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Iowa Central Community College. The Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Iowa Central Community College.

B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (continued)

Restricted Net Assets:

Nonexpendable – Net assets subject to externally-imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

Expendable – Net assets whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally-imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Pooled Investments – Investments are stated at fair value. For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash and, at the day of purchase, they have a maturity date not longer than three months.

Due from Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

NOTES TO FINANCIAL STATEMENTS

C. Measurement Focus and Basis of Accounting (Continued)

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2006 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements, and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Assets</u>	<u>Amount</u>
Land, buildings and improvements	\$ 5,000
Equipment and vehicles	5,000

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	25-50
Equipment and vehicles	5-10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

NOTES TO FINANCIAL STATEMENTS

C. Measurement Focus and Basis of Accounting (Continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2006.

Refundable Advances on Student Loans – The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, word processing, central stores, self-insurance program and athletics.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Nonoperating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, property tax and interest income.

E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Pooled Investments

The College's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College.

Note 3. Inventories

The College's inventories at June 30, 2006 are as follows:

<u>Type</u>	<u>Amount</u>
Merchandise held for resale	<u>\$ 532,896</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2006 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 1,082,616	\$ -	\$ -	\$ 1,082,616
Construction in progress	2,120,692	2,838,506	3,848,498	1,110,700
Total capital assets not being depreciated	3,203,308	2,838,506	3,848,498	2,193,316
Capital assets being depreciated:				
Buildings	29,561,963	1,958,587	-	31,520,550
Improvements other than buildings	2,402,440	1,889,911	-	4,292,351
Equipment and vehicles	5,470,566	713,356	-	6,183,922
Total capital assets being depreciated	37,434,969	4,561,854	-	41,996,823
Less accumulated depreciation for:				
Buildings	7,804,289	617,171	-	8,421,460
Improvements other than buildings	533,340	171,694	-	705,034
Equipment and vehicles	4,174,258	413,329	-	4,587,587
Total accumulated depreciation	12,511,887	1,202,194	-	13,714,081
Total capital assets being depreciated, net	24,923,082	3,359,660	-	28,282,742
Capital assets, net	\$ 28,126,390	\$ 6,198,166	\$ 3,848,498	\$ 30,476,058

Furniture and equipment of \$55,859 are restricted for the Workforce Investment Act.

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2006 is as follows:

	Certificates Payable	Capital Loan Notes Payable	Bonds Payable	Total
Balance, beginning of year	\$ 8,825,000	\$ 5,560,000	\$ 9,075,608	\$ 23,460,608
Additions	2,815,000	-	1,610,000	4,425,000
Reductions	2,425,000	530,000	455,608	3,410,608
Balance, end of year	\$ 9,215,000	\$ 5,030,000	\$ 10,230,000	\$ 24,475,000

Certificates Payable:

In accordance with agreements dated between June 1, 1998 and July 1, 2004, the College issued certificates totaling \$20,660,000 with interest rates ranging from 3.00% to 8.00%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ 1,995,000	\$ 546,116	\$ 2,541,116
2008	1,835,000	430,388	2,265,388
2009	1,270,000	318,018	1,588,018
2010-2013	3,255,000	638,640	3,893,640
2014	545,000	51,298	596,298
2015	315,000	17,976	332,976
Total	\$ 9,215,000	\$ 2,002,436	\$ 11,217,436

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Capital Loan Notes Payable:

The College has issued notes for the purchase and construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2006 capital loan notes payable indebtedness are as follows:

Year Ending June 30,	Note Issuance of July 1, 2000			
	Interest Rate	Principal	Interest	Total
2007	5.60%	\$ 95,000	\$ 55,688	\$ 150,688
2008	5.65	100,000	50,368	150,368
2009	5.75	105,000	44,718	149,718
2010-2013	5.85-6.05	365,000	95,444	460,444
2014	6.05	135,000	17,012	152,012
2015	6.10	145,000	8,846	153,846
		<u>\$ 945,000</u>	<u>\$ 272,076</u>	<u>\$ 1,217,076</u>

Year Ending June 30,	Note Issuance of October 1, 2001			
	Interest Rate	Principal	Interest	Total
2007	3.80%	\$ 110,000	\$ 45,052	\$ 155,052
2008	3.90	115,000	40,872	155,872
2009	4.00	120,000	36,388	156,388
2010-2013	4.20-4.60	550,000	91,928	641,928
2014	4.70	155,000	7,286	162,286
		<u>\$ 1,050,000</u>	<u>\$ 221,526</u>	<u>\$ 1,271,526</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Capital Loan Notes Payable (Continued):

Year Ending June 30,	Note Issuance of July 1, 2003			
	Interest	Principal	Interest	Total
2007	2.35%	\$ 225,000	\$ 64,188	\$ 289,188
2008	2.70	230,000	58,900	288,900
2009	2.90	240,000	52,690	292,690
2010-2013	3.10-3.60	1,040,000	133,632	1,173,632
2014	3.70	285,000	10,546	295,546
Total		\$ 2,020,000	\$ 319,956	\$ 2,339,956

Year Ending June 30,	Note Issuance of March 1, 2004			
	Interest	Principal	Interest	Total
2007	2.15%	\$ 110,000	\$ 31,488	\$ 141,488
2008	2.50	115,000	29,122	144,122
2009	2.75	120,000	26,248	146,248
2010-2013	3.00-3.60	525,000	67,760	592,760
2014	3.75	145,000	5,438	150,438
Total		\$ 1,015,000	\$ 160,056	\$ 1,175,056

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Bonds Payable:

The College has issued bonds for the construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2006 bonded indebtedness are as follows:

Bond Issuance of August 1, 2003				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2007	2.20%	\$ 430,000	\$ 213,196	\$ 643,196
2008	2.50	440,000	203,736	643,736
2009	2.80	455,000	192,736	647,736
2010-2018	3.10-4.45	4,500,000	971,669	5,471,669
2019	4.60	195,000	8,970	203,970
Total		\$ 6,020,000	\$ 1,590,307	\$ 7,610,307

Bond Issuance of September 1, 2003				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2007	3.05%	\$ 40,000	\$ 47,952	\$ 87,952
2008	3.40	45,000	46,732	91,732
2009	3.60	45,000	45,202	90,202
2010-2017	3.80-5.00	685,000	161,628	846,628
2018	5.10	120,000	12,620	132,620
2019	5.20	125,000	6,500	131,500
Total		\$ 1,060,000	\$ 320,634	\$ 1,380,634

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Long-Term Debt (Continued)

Bonds Payable (Continued):

Year Ending June 30,	Bond Issuance of August 1, 2004			
	Interest	Principal	Interest	Total
2007	3.05%	\$ 50,000	\$ 89,636	\$ 139,636
2008	3.30	55,000	88,110	143,110
2009	3.55	55,000	86,296	141,296
2010-2019	3.75-5.10	1,555,000	600,736	2,155,736
2020	5.20	235,000	12,220	247,220
Total		\$ 1,950,000	\$ 876,998	\$ 2,826,998

Year Ending June 30,	Bond Issuance of August 1, 2005			
	Interest	Principal	Interest	Total
2007	3.50%	\$ 65,000	\$ 50,376	\$ 115,376
2008	3.60	65,000	48,100	113,100
2009	3.70	70,000	45,760	115,760
2010-2019	3.80-4.60	885,000	284,031	1,169,031
2020	4.65	115,000	5,348	120,348
Total		\$ 1,200,000	\$ 433,615	\$ 1,633,615

NOTES TO FINANCIAL STATEMENTS

Note 6. Operating Leases

The College has leased various facilities and equipment. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. The leases expire between 2006 and 2011 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2006:

Year Ending June 30	Amount
2007	\$ 158,759
2008	152,630
2009	83,973
2010	30,635
2011	30,635
Thereafter	30,635
Total	\$ 487,267

Rents for the year ended June 30, 2006 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$235,784.

Note 7. Iowa Public Employees Retirement System (IPERS)

The College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the College is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$444,814, \$457,582 and \$464,886, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Note 8. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program that is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.70% and the College is required to contribute 5.75%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2006 were \$290,962 and \$187,228, respectively.

Note 9. New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area V in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries that are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College administered eighty-nine projects with sixteen currently receiving project funding. Twenty-five of the remaining projects have been completed and only repayment of the certificates is left. The remaining forty-eight projects have been completed and the certificates have been paid. In cases where projects exceed the budgeted amounts, the college intends to obtain additional withholding revenue from the companies.

Note 10. Early Retirement and Contingent Liability

Full-time and certain part-time staff who are at least the age of 55 and who have at least 10 years of continuous service with the College are eligible for the early retirement incentive program. Early retirement begins at the end of the employee's contract. A staff member who accepts early retirement may receive cash benefits on September 15 and March 15 of the following fiscal year.

Of the employees who have elected early retirement as of June 30, 2006, none were entitled to be paid cash benefits. As a result, the liability at June 30, 2006 for those employees who have elected early retirement was \$0. Early retirement liability is recorded in the General Restricted Fund, the fund from which benefits are paid. The Community College's early retirement expenses for the year ended June 30, 2006 were \$291,923.

Note 11. Risk Management

Iowa Central Community College carries commercial insurance purchased from insurers for coverage associated with torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

Note 12. Deficit Fund Balance

The College has a deficit balance in the funds as listed below as of June 30, 2006. Management believes that future transfers from unrestricted current funds will eliminate these deficit balances.

Unrestricted Fund:	
Career Education	\$ (161,623)

Restricted Fund:	
Workforce Investment Act	(41,127)
Miscellaneous	(396,599)

Note 13. Self-Insurance Program

Effective July 1, 2000, the College has a self-insurance program for hospitalization and medical coverage for its employees. The College limits its losses through the use of stop-loss policies from insurers. Specific individual losses for claims are limited to \$75,000 per year. The College's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and was limited to \$2,422,447 as of June 30, 2006. For June 30, 2006, the College paid \$1,590,870 under the program.

REQUIRED SUPPLEMENTARY INFORMATION

IOWA CENTRAL COMMUNITY COLLEGE

BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -

BUDGET AND ACTUAL

Required Supplementary Information

Year Ended June 30, 2006

Funds/Levy	Original Budget	Actual	Variance Between Actual and Amended Budget
Unrestricted	\$ 22,150,000	\$ 22,505,709	\$ (355,709)
Restricted	7,430,000	5,961,033	1,468,967
Unemployment	50,000	41,248	8,752
Tort liability	300,000	277,307	22,693
Insurance	260,000	243,876	16,124
Early retirement	992,000	291,923	700,077
Equipment replacement	452,250	336,199	116,051
Total restricted	9,484,250	7,151,586	2,332,664
Plant	5,567,563	4,398,878	1,168,685
Total	\$ 37,201,813	\$ 34,056,173	\$ 3,145,640

See accompanying Independent Auditor's Report.

IOWA CENTRAL COMMUNITY COLLEGE

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING **June 30, 2006**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U. S. generally accepted accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Improvement Act Accounts, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

SUPPLEMENTARY INFORMATION

IOWA CENTRAL COMMUNITY COLLEGE

BALANCE SHEET - ALL FUNDS

June 30, 2006

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Assets			
Cash and pooled investments	\$ 4,387,313	\$ 11,328,784	\$ 3,944
Receivables:			
Accounts	1,127,806	51,164	-
Property tax:			
Succeeding year	1,048,944	1,442,259	-
Iowa Industrial New Jobs Training Program	-	3,751,797	-
Due from other funds	3,728,189	-	-
Due from other governments	203,468	290,054	-
Inventories	532,896	-	-
Prepaid expenses	127,807	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation	-	-	-
Total assets	\$ 11,156,423	\$ 16,864,058	\$ 3,944

See accompanying Independent Auditor's Report.

Schedule 1

Plant Funds					
Unexpended	Investment in Plant	Agency Funds	Adjustments	Total	
\$ 152	\$ -	\$ 531,283	\$ -	\$ 16,251,476	
-	-	-	-	1,178,970	
1,048,944	-	-	-	3,540,147	
-	-	-	-	3,751,797	
-	-	567,846	(4,296,035)	-	
-	-	8,096	-	501,618	
-	-	-	-	532,896	
-	-	-	-	127,807	
-	1,082,616	-	-	1,082,616	
-	31,520,550	-	-	31,520,550	
-	1,110,700	-	-	1,110,700	
-	4,292,351	-	-	4,292,351	
-	6,183,922	-	-	6,183,922	
-	-	-	(13,714,081)	(13,714,081)	

\$ 1,049,096	\$ 44,190,139	\$ 1,107,225	\$ (18,010,116)	\$ 56,360,769
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IOWA CENTRAL COMMUNITY COLLEGE

BALANCE SHEET - ALL FUNDS

June 30, 2006

Liabilities and Fund Balances	Current Funds		Loan Funds
	Unrestricted	Restricted	
Liabilities:			
Accounts payable	\$ 361,070	\$ 41,156	\$ -
Salaries and benefits payable	718,133	-	-
Interest payable	47,198	45,513	-
Due to other funds	3,496,425	635,343	-
Due to Iowa Central Community College Foundation	230,531	-	-
Deferred revenue:			
Succeeding year property tax	1,048,944	1,442,259	-
Other	58,250	4,223,909	-
Compensated absences	289,507	-	-
Deposits held in custody for others	-	-	-
Certificates payable	-	9,215,000	-
Capital loan notes payable	-	-	-
Bonds payable	-	-	-
Total liabilities	6,250,058	15,603,180	-
Fund balances:			
Invested in capital assets, net of related debt	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	1,706	-
Loans	-	-	3,944
Cash reserve	-	319,603	-
Other	-	939,569	-
Unrestricted	1,490,988	-	-
Auxiliary enterprises	3,415,377	-	-
Total fund balances	4,906,365	1,260,878	3,944
Total liabilities and fund balances	\$ 11,156,423	\$ 16,864,058	\$ 3,944

See accompanying Independent Auditor's Report.

**Schedule 1
(Continued)**

Plant Funds		Agency Funds	Adjustments	Total
Unexpended	Investment in Plant			
\$ -	\$ -	\$ -	\$ -	\$ 402,226
-	-	-	-	718,133
-	-	-	-	92,711
164,267	-	-	(4,296,035)	-
-	-	-	-	230,531
1,048,944	-	-	-	3,540,147
-	-	-	-	4,282,159
-	-	-	-	289,507
-	-	1,107,225	-	1,107,225
-	-	-	-	9,215,000
-	5,030,000	-	-	5,030,000
-	10,230,000	-	-	10,230,000
1,213,211	15,260,000	1,107,225	(4,296,035)	35,137,639
-	28,930,139	-	(13,714,081)	15,216,058
-	-	-	-	1,706
-	-	-	-	3,944
-	-	-	-	319,603
-	-	-	-	939,569
(164,115)	-	-	-	1,326,873
-	-	-	-	3,415,377
(164,115)	28,930,139	-	(13,714,081)	21,223,130
\$ 1,049,096	\$ 44,190,139	\$ 1,107,225	\$ (18,010,116)	\$ 56,360,769

IOWA CENTRAL COMMUNITY COLLEGE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL FUNDS**

Year Ended June 30, 2006

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 8,129,369	\$ 1,262,543	\$ -
Tuition and fees	12,008,732	-	-
Property tax	1,013,663	2,299,644	-
Federal appropriations	686,882	5,456,709	-
Sales and services	643,783	810,084	-
Interest on investments	327,746	454,770	-
Iowa Industrial New Jobs Training Program	-	2,125,884	-
Increase in plant investment due to plant expenditures	-	-	-
Miscellaneous	200,331	177	324
	<u>23,010,506</u>	<u>12,409,811</u>	<u>324</u>
 Auxiliary enterprises:			
Tuition and fees	58,080	-	-
Sales and services	7,600,876	-	-
	<u>7,658,956</u>	<u>-</u>	<u>-</u>
 Total revenues	<u>\$ 30,669,462</u>	<u>\$ 12,409,811</u>	<u>\$ 324</u>
 Expenditures:			
Education and support:			
Liberal arts and science	\$ 4,634,294	\$ -	\$ -
Vocational technical	4,123,484	757,209	-
Adult education	2,128,922	266,391	-
Cooperative services	1,178,109	2,125,884	-
Administration	925,259	150,847	-
Student services	3,583,769	-	-
Learning resources	332,257	-	-
Physical plant	2,884,047	243,876	-
General institution	2,715,568	3,607,379	-
Total education and support	<u>22,505,709</u>	<u>7,151,586</u>	<u>-</u>

See accompanying Independent Auditor's Report.

Schedule 2

Plant Funds				
Unexpended	Investment in Plant	Adjustments	Total	
\$ 840,732	\$ -	\$ -	\$ 10,232,644	
-	-	(1,822,267)	10,186,465	
1,013,663	-	-	4,326,970	
402,097	-	-	6,545,688	
-	-	(117,299)	1,336,568	
23,907	-	-	806,423	
-	-	-	2,125,884	
-	3,551,862	(3,551,862)	-	
142,083	-	-	342,915	
2,422,482	3,551,862	(5,491,428)	35,903,557	
-	-	-	58,080	
-	-	(627,861)	6,973,015	
-	-	(627,861)	7,031,095	
\$ 2,422,482	\$ 3,551,862	\$ (6,119,289)	\$ 42,934,652	
\$ -	\$ -	\$ (809)	\$ 4,633,485	
-	-	(1,522,700)	3,357,993	
-	-	30,250	2,425,563	
-	-	(596,208)	2,707,785	
-	-	-	1,076,106	
-	-	(439)	3,583,330	
-	-	-	332,257	
-	-	-	3,127,923	
-	-	(495,813)	5,827,134	
-	-	(2,585,719)	27,071,576	

IOWA CENTRAL COMMUNITY COLLEGE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL FUNDS**

Year Ended June 30, 2006

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Expenditures (Continued):			
Auxiliary enterprises	\$ 6,079,921	\$ -	\$ -
Scholarships and grants	-	3,850,833	-
Workforce Investment Act	-	267,185	-
Administrative and collection costs	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Depreciation	-	-	-
Loss on sale of capital assets	-	-	-
Interest on indebtedness	-	-	-
Total expenditures	28,585,630	11,269,604	-
Excess (deficiency) of revenues over (under) expenditures	2,083,832	1,140,207	324
Transfers:			
Mandatory transfers	-	-	-
Non-mandatory transfers	(905,801)	(274,199)	-
Total transfers	(905,801)	(274,199)	-
Net	1,178,031	866,008	324
Fund balances beginning of year	3,728,334	394,870	3,620
Fund balances end of year	\$ 4,906,365	\$ 1,260,878	\$ 3,944

See accompanying Independent Auditor's Report.

**Schedule 2
(Continued)**

Plant Funds			
Unexpended	Investment in Plant	Adjustments	Total
\$ -	\$ -	\$ (597,842)	\$ 5,482,079
-	-	(2,450,128)	1,400,705
-	-	-	267,185
2,766,122	-	-	2,766,122
1,632,756	-	(1,632,756)	-
-	-	-	-
-	-	1,202,194	1,202,194
-	-	-	-
-	-	1,147,156	1,147,156
4,398,878	-	(4,917,095)	39,337,017
(1,976,396)	3,551,862	(1,202,194)	3,597,635
-	-	-	-
1,804,392	(624,392)	-	-
1,804,392	(624,392)	-	-
(172,004)	2,927,470	(1,202,194)	3,597,635
7,889	26,002,669	(12,511,887)	17,625,495
\$ (164,115)	\$ 28,930,139	\$ (13,714,081)	\$ 21,223,130

IOWA CENTRAL COMMUNITY COLLEGE**UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION AND SUPPORT
Year Ended June 30, 2006**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 4,942,649	\$ 2,048,604	\$ 1,138,116	\$ -
Tuition and fees	6,185,856	2,808,434	1,829,922	1,006,121
Property tax	-	-	-	-
Federal appropriations	-	264,499	315,552	82,242
Sales and services	2,298	162,860	7,468	-
Interest on investments	-	-	-	-
Miscellaneous	-	83,078	80,372	-
	11,130,803	5,367,475	3,371,430	1,088,363
Allocation of support services	1,026,218	615,730	389,963	20,524
Total revenues	12,157,021	5,983,205	3,761,393	1,108,887
Expenditures:				
Salaries and benefits	4,310,397	3,515,569	1,600,781	670,517
Services	230,901	175,160	386,603	230,827
Materials and supplies	83,125	381,662	100,919	49,398
Travel	9,871	18,343	40,356	6,537
Plant asset acquisitions	-	32,750	-	-
Loan cancellation and bad debts	-	-	-	112,716
Private scholarships	-	-	-	108,114
Miscellaneous	-	-	263	-
	4,634,294	4,123,484	2,128,922	1,178,109
Allocation of support services	5,220,450	3,132,270	1,983,771	104,409
Total expenditures	9,854,744	7,255,754	4,112,693	1,282,518

Schedule 3

Support					Education and Support Total
General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,129,369
-	54,628	-	-	123,771	12,008,732
1,013,663	-	-	-	-	1,013,663
24,589	-	-	-	-	686,882
-	-	420	127,437	343,300	643,783
327,746	-	-	-	-	327,746
36,395	-	486	-	-	200,331
1,402,393	54,628	906	127,437	467,071	23,010,506
(1,402,393)	(54,628)	(906)	(127,437)	(467,071)	-
-	-	-	-	-	23,010,506
601,723	2,553,968	217,644	1,005,496	1,235,446	15,711,541
208,009	310,135	17,313	939,282	959,230	3,457,460
15,497	79,714	94,177	794,532	210,148	1,809,172
21,686	42,551	3,123	173	51,961	194,601
-	-	-	144,564	-	177,314
78,344	-	-	-	-	191,060
-	-	-	-	-	108,114
-	597,401	-	-	258,783	856,447
925,259	3,583,769	332,257	2,884,047	2,715,568	22,505,709
(925,259)	(3,583,769)	(332,257)	(2,884,047)	(2,715,568)	-
-	-	-	-	-	22,505,709

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

**UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION AND SUPPORT
Year Ended June 30, 2006**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Excess (deficiency) of revenues over (under) expenditures	\$ 2,302,277	\$ (1,272,550)	\$ (351,300)	\$ (173,631)
Transfers:				
Mandatory transfers	-	-	-	-
Non-mandatory transfers	-	(75,470)	-	-
Total transfers	-	(75,470)	-	-
Net	\$ 2,302,277	\$ (1,348,020)	\$ (351,300)	\$ (173,631)
Fund balance beginning of year				
Fund balance end of year				

See accompanying Independent Auditor's Report.

**Schedule 3
(Continued)**

Support					Education and Support Total
General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,797
-	-	-	-	-	-
-	-	-	-	(165,556)	(241,026)
-	-	-	-	(165,556)	(241,026)
\$ -	\$ -	\$ -	\$ -	\$ (165,556)	263,771
					1,227,217
					<u>\$ 1,490,988</u>

IOWA CENTRAL COMMUNITY COLLEGE

**UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
AUXILIARY ENTERPRISES
Year Ended June 30, 2006**

	Bookstore	Career Education	Child Care	Self- Insurance Program
Revenues:				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Sales and services	2,014,487	60,084	-	2,598,958
Total revenues	2,014,487	60,084	-	2,598,958
Expenditures:				
Salaries and benefits	110,068	5,509	-	-
Services	254,704	33,080	-	1,868,241
Materials and supplies	2,293	102,777	-	-
Travel	-	-	-	-
Plant asset acquisitions	-	-	-	-
Interest on indebtedness	-	-	-	-
Cost of goods sold	1,560,440	-	-	-
Miscellaneous	-	43,871	-	-
Total expenditures	1,927,505	185,237	-	1,868,241
Excess of revenues over expenditures	86,982	(125,153)	-	730,717
Transfers:				
Non-mandatory transfers	-	15,225	-	-
Net	86,982	(109,928)	-	730,717
Fund balances beginning of year	616,144	(51,695)	48	1,419,592
Fund balances end of year	\$ 703,126	\$ (161,623)	\$ 48	\$ 2,150,309

See accompanying Independent Auditor's Report.

Schedule 4

Dormitories	Baseball Complex	Total
\$ 58,080	\$ -	\$ 58,080
2,927,347	-	7,600,876
2,985,427	-	7,658,956
170,788	-	286,365
1,119,735	-	3,275,760
256,628	-	361,698
63	-	63
-	-	-
551,640	-	551,640
-	-	1,560,440
84	-	43,955
2,098,938	-	6,079,921
886,489	-	1,579,035
(680,000)	-	(664,775)
206,489	-	914,260
516,887	141	2,501,117
\$ 723,376	\$ 141	\$ 3,415,377

IOWA CENTRAL COMMUNITY COLLEGE

**RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2006**

	Scholarships and Grants	Equipment Replacement	Insurance
Revenues:			
State appropriations	\$ 275,596	\$ -	\$ -
Property tax	-	445,945	369,429
Federal appropriations	3,388,378	-	-
Sales and services	-	-	-
Interest on investments	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	177	-	-
Total revenues	3,664,151	445,945	369,429
Expenditures:			
Salaries and benefits	-	-	-
Services	-	-	243,876
Materials and supplies	-	74,951	-
Travel	-	-	-
Interest on indebtedness	-	-	-
Federal Pell Grant program	3,259,518	-	-
Federal Supplemental Educational Opportunity Grant	128,860	-	-
Iowa College Student Aid Commission	275,596	-	-
Remittance to State Treasury	-	-	-
Miscellaneous	186,859	261,248	-
Total expenditures	3,850,833	336,199	243,876

Early Retirement	Unemployment Compensation	Cash Reserve	Tort Liability	Workforce Investment Act	Iowa Industrial New Jobs Training Program
\$ -	\$ -	\$ -	\$ -	\$ 1,147	\$ -
1,046,951	44,439	-	392,880	-	-
-	-	-	-	257,381	-
-	-	-	-	8,657	-
-	-	-	-	-	-
-	-	-	-	-	2,125,884
-	-	-	-	-	-
1,046,951	44,439	-	392,880	267,185	2,125,884
291,923	41,248	-	277,307	142,613	-
-	-	-	-	75,391	1,530,368
-	-	-	-	22,522	-
-	-	-	-	4,324	-
-	-	-	-	-	595,516
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,335	-
291,923	41,248	-	277,307	267,185	2,125,884

(Continued on next page)

Schedule 5

Miscellaneous	Total
\$ 985,800	\$ 1,262,543
-	2,299,644
1,810,950	5,456,709
801,427	810,084
454,770	454,770
-	2,125,884
-	177
4,052,947	12,409,811

1,837,196	2,590,287
541,190	2,390,825
373,672	471,145
440,732	445,056
-	595,516
-	3,259,518
-	128,860
-	275,596
-	-
642,359	1,112,801
3,835,149	11,269,604

IOWA CENTRAL COMMUNITY COLLEGE

**RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2006**

	<hr/>		
	Scholarships and Grants	Equipment Replacement	Insurance
Excess (deficiency) of revenues	\$ (186,682)	\$ 109,746	\$ 125,553
Transfers:			
Non-mandatory transfers	189,084	-	-
Net	2,402	109,746	125,553
Fund balance beginning of year	(696)	-	155,302
Fund balance end of year	<u>\$ 1,706</u>	<u>\$ 109,746</u>	<u>\$ 280,855</u>

See accompanying Independent Auditor's Report.

Early Retirement	Unemployment Compensation	Cash Reserve	Tort Liability	Workforce Investment Act	Iowa Industrial New Jobs Training Program
\$ 755,028	\$ 3,191	\$ -	\$ 115,573	\$ -	\$ -
-	-	-	-	-	-
755,028	3,191	-	115,573	-	-
(405,692)	30,590	319,603	217,536	(41,127)	270,468
\$ 349,336	\$ 33,781	\$ 319,603	\$ 333,109	\$ (41,127)	\$ 270,468

**Schedule 5
(Continued)**

Miscellaneous	Total
\$ 217,798	\$ 1,140,207
(463,283)	(274,199)
(245,485)	866,008
(151,114)	394,870
<u>\$ (396,599)</u>	<u>\$ 1,260,878</u>

AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSITS
HELD IN CUSTODY FOR OTHERS
Year Ended June 30, 2006

	Athletics and Student Organizations	Retraining Program	Miscellaneous	Total
Balances beginning of year	\$ 1,761	\$ 245,552	\$ 636,957	\$ 884,270
Additions:				
State appropriations	-	(1,611)	4,766	3,155
Tuition and fees	112,132	-	397,253	509,385
Sales and services	67,424	-	203,038	270,462
Interest on investments	-	21,128	19,190	40,318
Miscellaneous	955,394	-	82,979	1,038,373
Total additions	1,134,950	19,517	707,226	1,861,693
Deductions:				
Services	148,400	49,655	112,769	310,824
Materials and supplies	333,456	-	82,705	416,161
Travel	224,266	-	33,342	257,608
Scholarships	332,824	-	43,682	376,506
Miscellaneous	22,332	-	255,307	277,639
Total deductions	1,061,278	49,655	527,805	1,638,738
Balances end of year	\$ 75,433	\$ 215,414	\$ 816,378	\$ 1,107,225

See accompanying Independent Auditor's Report.

IOWA CENTRAL COMMUNITY COLLEGE

SCHEDULE OF CREDIT AND CONTACT HOURS

Year Ended June 30, 2006

Category	Credit Hours		Total
	Eligible for Aid	Not Eligible for Aid	
Arts and Sciences	74,205	-	74,205
Vocational Education	29,279	-	29,279
Adult Education/Continuing Education	-	-	-
Cooperative Programs/Services	-	-	-
Related Services and Activities	-	-	-
	103,484	-	103,484

See accompanying Independent Auditor's Report.

Schedule 7

Contact Hours		
Eligible for Aid	Not Eligible for Aid	Total
1,501,534	-	1,501,534
901,998	-	901,998
429,297	148,067	577,364
-	24,841	24,841
-	-	-
2,832,829	172,908	3,005,737

SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES
For the Last Four Years

	Years Ended June 30,			
	2006	2005	2004	2003
Local (property tax)	\$ 4,326,970	\$ 3,716,759	\$ 3,667,753	\$ 3,690,385
State	10,232,644	8,436,420	8,146,823	8,031,162
Federal	6,545,688	6,420,694	6,253,707	5,763,056
Total	\$ 21,105,302	\$ 18,573,873	\$ 18,068,283	\$ 17,484,603

See accompanying Independent Auditor's Report.

**SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
For the Last Four Years**

	Years Ended June 30,			
	2006	2005	2004	2003
Revenues:				
State appropriations	\$ 9,391,912	\$ 8,436,420	\$ 8,146,823	\$ 8,031,162
Tuition and fees	12,008,732	11,194,233	10,094,979	9,468,100
Property tax	3,313,307	2,713,047	2,478,962	2,516,079
Federal appropriations	6,143,591	5,687,324	6,253,707	5,763,056
Sales and services	1,453,867	1,034,224	1,120,455	795,362
Interest on investments	782,516	403,503	203,617	233,853
Iowa Industrial New Jobs Training Program	2,125,884	2,446,804	2,178,176	1,589,859
Auxiliary enterprises	7,658,956	7,006,616	6,591,754	6,084,478
Miscellaneous	200,508	208,799	123,583	194,835
Total	\$ 43,079,273	\$ 39,130,970	\$ 37,192,056	\$ 34,676,784
Expenditures:				
Liberal arts and sciences	\$ 4,634,294	\$ 4,302,081	\$ 4,239,682	\$ 4,150,928
Vocational technical	4,880,693	4,479,277	4,534,697	4,508,996
Adult education	2,395,313	2,291,070	2,263,284	2,087,055
Cooperative services	3,303,993	3,430,094	2,994,983	2,407,870
Administration	1,076,106	1,268,979	1,328,303	1,153,428
Student services	3,583,769	3,110,119	2,927,490	2,795,901
Learning resources	332,257	327,582	313,242	322,655
Physical plant	3,127,923	2,744,741	2,355,202	2,129,556
General institution	6,322,947	5,295,762	5,099,828	3,450,649
Auxiliary enterprises	6,079,921	5,539,102	5,905,512	5,348,539
Scholarships and grants	3,850,833	4,174,065	4,347,639	4,338,161
Workforce Investment Act	267,185	420,187	545,466	743,400
Total	\$ 39,855,234	\$ 37,383,059	\$ 36,855,328	\$ 33,437,138

See accompanying Independent Auditor's Report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Education:				
Student Financial Aid - cluster:				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$ 83,861	\$ -
Federal Family Education Loans	84.032		-	7,493,521
Federal Work-Study Program (FWS)	84.033		176,707	-
Federal Pell Grant Program	84.063		3,259,518	-
			<u>3,520,086</u>	<u>7,493,521</u>
TRIO Student Support Services	84.042A		<u>255,116</u>	<u>-</u>
Directed Grants Program	84.116Z		<u>126,639</u>	<u>-</u>
Dental Hygienist Program	84.116Z		<u>496,000</u>	<u>-</u>
Title III	84.031A		<u>474,930</u>	<u>-</u>
U.S. Department of Justice:				
Homeland Security	16.614		<u>99,066</u>	<u>-</u>
Discretionary Grants Program	16.580		<u>24,781</u>	<u>-</u>
U.S. Department of Labor:				
Advanced Manufacturing Center	17.261		<u>112,179</u>	<u>-</u>
Total direct			<u>5,108,797</u>	<u>7,493,521</u>

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

Schedule 10
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect:				
U.S. Department of Labor:				
Indirect through Iowa				
Workforce Development:				
WIA-Adult Program	17.258		\$ 38,118	\$ -
WIA-Youth Activities	17.259		46,885	-
WIA-Dislocated Workers	17.260		50,860	-
Rapid Response	17.260		447	-
Employment Service	17.207		8,063	-
Unemployment Insurance	17.225		9,569	-
Disabled Veterans' Outreach Program (DVOP)	17.801		2,674	-
Indirect through Iowa				
Department of Education:				
Mine Health & Safety Grants	17.600		4,863	-
Family Literacy Grant	16.267		70,280	-
U.S. Department of Education:				
Indirect through the Iowa				
Department of Education:				
Adult Education - State Grant Program	84.002		244,676	-
Tech-Prep Education	84.243A		86,960	-

(Continued on next page)

IOWA CENTRAL COMMUNITY COLLEGE

Schedule 10
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect (Continued):				
Vocational Education -				
Basic Grant to States:				
Title II-B Program Improvement	84.048A		\$ 345,301	\$ -
Vocational Prep - Corrections	84.048A		19,844	-
Cultural Diversity	84.048A		5,000	-
Gender Diversity	84.048A		1,690	-
Indirect through the Iowa				
Department of Corrections:				
Title I - Corrections	84.013A		42,000	-
Indirect through Iowa Workforce				
Development:				
Job Opportunities and				
Basic Skills Training:	93.558		57,564	-
U.S. Department of Transportation:				
Indirect through the City of				
Fort Dodge, Iowa:				
Federal Transit Capital Investment Grant	20.500		402,097	
Total indirect			1,436,891	-
Total			\$ 6,545,688	\$ 7,493,521

See accompanying Independent Auditor's Report.

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Central Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

IOWA CENTRAL COMMUNITY COLLEGE



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Iowa Central Community College
Fort Dodge, Iowa

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2006, which collectively comprise the College's basic financial statements listed in the table of contents and have issued our report thereon dated October 27, 2006. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Central Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Iowa Central Community College's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Central Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Central Community College and other parties to whom Iowa Central Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 27, 2006



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Iowa Central Community College
Fort Dodge, Iowa

Compliance

We have audited the compliance of Iowa Central Community College, Fort Dodge, Iowa, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Iowa Central Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Central Community College's management. Our responsibility is to express an opinion on Iowa Central Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Central Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Central Community College's compliance with those requirements.

In our opinion, Iowa Central Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Iowa Central Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Central Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted no matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Iowa Central Community College's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters including the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Central Community College and other parties to whom Iowa Central Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 27, 2006

**IOWA CENTRAL COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006**

Part I: Summary of the Independent Auditor's Results

- (A) An unqualified opinion was issued on the financial statements.
- (B) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were material weaknesses.
- (C) The audit did not disclose any noncompliance which is material to the financial statements.
- (D) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
 - Student Financial Aid - Cluster:
 - CFDA Number 84.007 - Federal Supplemental Educational Opportunity Grants
 - CFDA Number 84.033 - Federal Work-Study Program
 - CFDA Number 84.063 - Federal Pell Grant Program
 - CFDA Number 84.032 - Federal Family Education Loans
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (I) Iowa Central Community College qualified as a low-risk auditee.

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- II-A-06 Satellite Campus Receipt Controls - An important aspect of internal control is the segregation of duties among employees so that the activities of one employee act as a check on those of another. No employee should be responsible for an entire transaction cycle.

The Community College's satellite campuses collect receipts for tuition and fees, book sales and miscellaneous revenues. Due to the limited number of staff at each center, receipts may be collected, recorded and deposited by the same individual.

While it is recognized that many methods of achieving good internal control are not adaptable to a small staff, some degree of effective control may always be obtained by appropriate organization or strengthening supervisory control procedures.

Recommendation - The Community College should review procedures in an effort to improve supervisory control over satellite campus receipts.

Response - Every effort is made to maintain efficient controls and still be cost effective at the satellite centers. Since June, 1993, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Webster City Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge. Since May, 1996, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Storm Lake Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge.

Discussion and review of receipting procedures take place periodically with supervisory staff at the centers.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE AND REPORTABLE CONDITIONS:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-06 Certified Budget - Expenditures for the year ended June 30, 2006 did not exceed the amounts budgeted.
- IV-B-06 Questionable Expenditures - No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-06 Travel Expense - No expenditures of Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- IV-D-06 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-06 Bond Coverage - Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-06 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-06 Publication - The Community College published a statement showing the receipts and disbursements of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-06 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- IV-I-06 Credit/Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schnurr & Company, LLP

Fort Dodge, Iowa
October 27, 2006

